

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

First-Class Mail and Periodicals Service)
Standard Changes)

Docket No. N2021-1

**POSITION STATEMENT
OF NATIONAL NEWSPAPER ASSOCIATION
(June 15,2021)**

National Newspaper Association supports the Postal Service's request in this docket.

This statement, filed in lieu of a brief to aid the Commission in developing an advisory opinion, may surprise many who know NNA as the most service-sensitive of the organizations customarily appearing before the Commission. NNA arrives at its position conditionally and with no small measure of regret.

The rationale behind NNA's position follows.

Here is why NNA believes the changes might yield marginally-positive results for newspapers.

- **Standards should be achievable.** The Postal Service should have standards that it can meet. It must strive, of course, to meet the standards it has set. The public owners of this federal agency should have a proper yardstick by which to measure USPS's successes and failures.
- **Service might improve.** USPS proposes to add an additional day to end-to-end Periodicals standards. That would bring the outside expectation from four days to five days. The Postal Service is renewing its commitment to reaching that standard at a 95% target rate. If, in fact, USPS were able to deliver newspapers to long-distance subscribers within five days, NNA's members would experience a significant improvement in service. Too many newspapers have lost subscribers from deliveries that were delayed by a week, two weeks, three weeks or more—and when the newspapers did arrive, they arrived in batches of several weekly issues at once. If the standard were diminished but actual service improved to a 5-day performance, publishers would be delighted.
- **A better infrastructure might occur.** The network changes outlined by USPS Witness Cintron, USPS-T1, which triggered the standards changes, are expected to lead to fuller and more efficient trucks, better transportation lanes within the NDC network, more surface transportation centers and a strong commitment to achieve the new goals. If any combination of these elements resulted in more opportunities for newspapers to be delivered on time, the dismal long-distance deliveries that NNA's members have seen in recent years could improve.

- **Contribution could increase.** According to witness Monteith (USPS T4 at 6), the changes will improve contribution to USPS institutional costs from Periodicals by \$.8 million. This result might be achieved by driving non-compensatory products out of the system with continued inadequate performance and if that happens, it is hardly news to cheer about. But if improved contribution can relieve pressure on publishers' postage rates with minimal impact on service, the endeavor is worth considering.
- **USPS could become more sustainable.** Above all, NNA is committed with many of its industry colleagues to achieving sustainable universal delivery. Our members depend upon the Postal Service's survival. The nation requires a successful coast-to-coast and end-to-end system. The \$1.6 trillion mailing and package industry's contribution to the American economy must be founded upon a sustainable system. NNA members are often fourth-and fifth-generation sons and daughters of publishing families who have seen their businesses make countless uncompensated changes to their mail over the past 150 years because USPS said they must. But, at the end of the day, most publishers understand that their communities depend upon a viable USPS. Sacrifices do not come easily in this time of unprecedented economic and cultural pressure. But this is one—albeit with a roll of the dice that service will get better—NNA's stakeholders will make.

NNA had many reservations in arriving at this position.

NNA's position is developed in an atmosphere of considerable regret. Many of the factors that condition the position of our industry are beyond the scope of this proceeding and even beyond the Commission's powers, but since the holistic mission and plight of USPS is always before the Commission, the concerns NNA has are relevant to the Commission's work.

- **Congress has failed to find a consensus to fix USPS.** NNA has been among a dozen or so industry stakeholders who have devoted time and treasure to persuading Members of Congress that the current USPS operating rules have outlived their natural lives. Perhaps the choices made by the Johnson administration in 1968 and 1969, the Kappel Commission in 1970 and the Congress in the sessions that considered the Postal Reorganization Act took steps that were necessary then to set USPS on a better path. But a framework built in a highly industrialized economy was running out of gas in the information economy of the 1990s. When Congress revised the rules in the Postal Accountability and Enhancement Act of 2006, it introduced some measures that were intended to make USPS more efficient and dependable for mailers. Some of the decisions made there have proven successful; some have not been successful. Since then, Congress has annually entertained but not adopted postal reform legislation to fix its mistakes and capture new opportunities laid out in a digital age where a different mailer input, a more flexible operation and an intensely dedicated management focus on efficiency and efficacy are needed. Since the first of these bills in 2009, Congress has toyed with USPS like a cat playing with a captive mouse. It has neither abandoned its work nor achieved success.

As a result, USPS is in the situation it is in today. The consequences are painfully regrettable to any who believe in universal service.

- **A public support financial model is inevitable.** The Postal Service's new Delivering for America plan is replete with hopeful aims to invest in package delivery and precious few strategies to improve life for market dominant mailers. There is a fatalistic air in the articulation of this plan. Many mailers have the sense that USPS believes service degradation and rate squeezes are the only available solutions, even if they drive mail out of the system, because the mail is leaving anyway. Beyond the fact that this fatalism becomes a self-fulfilling prophecy, there is an inescapable reality that while USPS struggles to right its ship, it may be tossing loyal customers over the side like so much jetsam. NNA several years ago arrived at the conclusion that if USPS's mission continued to be nationwide universal service—which community newspapers need—with a cost base that cannot be controlled by management with the controls used by USPS competitors and customers, some measure of Congressional appropriation will be needed to support the laudable goals of reliable service, affordable rates and a solid middle-class workforce. Admittedly, Congress has not yet reached this same conclusion, so it is deciding by inaction to load a heavy burden upon the mailers. NNA has in recent weeks often recited the famous Winston Churchill quip: "You can always count on the Americans to do the right thing after they have tried everything else." This change in service standards falls into the category of trying everything else. This criticism is not laid at the doorstep of the Commission or USPS management. Congress owns this unfortunate situation.

NNA's support is conditional.

- **Local mail must be delivered on a same-day/next day basis.** The most mission-critical mail for community newspapers is the local mail. The Within County and SCF/Zone 1-2 mail in Outside County classes must be sustained for small newspapers to survive. In recent years, publishers have increasingly relied upon their own ability to transport bundles and flats trays to post offices near their entry offices. They do so through a long-standing operational avenue called Exceptional Dispatch, for which publishers absorb transportation and operating costs without work-sharing compensation. As the newspaper industry has changed, more daily newspapers have migrated to the mail. These publications typically are printed overnight and deposited by the printer at a post office's loading dock in the wee morning hours. USPS has developed operating plans for Overnight Entry in consultation with NNA.

In this proceeding, NNA sought reaffirmation from USPS that Exceptional Dispatch and Overnight Entry will remain unchanged. These affirmations were provided by witness Cintron in NNA/USPS T1-8.

- **Mail not in measurement must not become invisible.** Few newspapers are processed on the automated piece-sorting machines that produce the scans that build the Informed Visibility data. The IV data, which in turn are now the sole provider of Service Measurement information required quarterly from USPS, do not contain much information about newspapers. So the new end-to-end standards, even if they result in either dramatic improvement or more incremental deterioration of actual newspaper delivery, will be detectable only by publishers and their readers.

It is important for the Commission to realize that the results it evaluates from these reports by and large do not have data about newspapers—particularly the end-to-end users at risk in this change. In discovery, NNA sought clarity from witness Cintron on what USPS actually knows about newspaper service performance. The responses were accurate but nonetheless not revealing. USPS does not track newspapers separately from other Periodicals, even if it institutionally knows how newspaper patterns work. What witness Cintron did not say is that USPS does not have much visibility for newspapers in mail processing at all because of the absence of scans. Slowly, this situation is improving as bundle and container scans begin to show up for newspaper mailers that are Full Service Intelligent Mail Barcode users. But once a Mixed ADC bundle is broken down, the mailpieces fall into the Invisibility network. NNA continues to work with USPS operations to create better visibility. Publishers ask the Commission merely to remember that the Commission sees little newspaper delivery data.

- **Finally, the Postal Service needs a better mail processing operation for Mixed ADC newspaper bundles.** The opportunities for end-to-end newspapers to be delivered late are myriad. Errors in preparation, missed Critical Entry Times, and address hygiene problems are among the pitfalls on the publishers' end. But the Postal Service makes errors and throws obstacles in the path as well. Misdirecting containers, changing truck schedules without notifying mailers, allowing contracted transportation to be backed up for hours and days at docks, and abandoning manual sorts to sit unworked for multiple work-shifts can all create delays, not to mention simple wrong-mailbox deliveries by carriers.

The typical newspaper reader's complaint is not only about late mail. It is about receiving multiple issues in the same day's mail delivery. Over the years, publishers have reported that some postmasters are telling recipients that the publishers mail their copies in batches. Batching does occasionally—though rarely—occur but it is not an industry practice. These reports are simply examples of blame shifting that USPS should stop. When service is poor, recipients see it and lose trust in the system.

Diagnostics of the root cause of the late and postal-batched mail indicate that processing plants may hang onto low density manual mail in Mixed ADC bundles until there is enough density collected in a manual bullpen to create a new bundle for the next destination. Sometimes sorters can wait so long for that fortuitous mail to appear to create a bundle that the next eligible piece to arrive is the publisher's next issue. So a bundle with several weeks' issues may eventually find its way out of a plant on to the next destination, all held there while someone in the plant waited to make a bundle. This diagnosis may not be the most universal one across the system, but it is the most charitable. It is another practice that should be examined and repaired.

Manual processing practices may be easy to understand operationally, but they are pinch points if USPS intends to hit a five-day standard for end-to-end newspapers. The fact that this mail is not in measurement may obscure service failures, but not being able to see these lapses through service measurement data alone is no excuse for ignoring them. This is a problem that USPS can solve and it should do so without delay. NNA has requested assistance from the

Postal Service in analyzing and resolving this low-density mail handling problem. NNA's support for the five-day standard is conditional upon commencing this work.

In summary, late newspapers are bad for the Postal Service.

Readers know when their newspapers are supposed to arrive. Unlike catalogs or even billing statements, the periodicity of a newspaper is visible. This mail is desired and awaited. It is the proverbial anchor in the mailbox.

Every time a newspaper reader receives a late newspaper, the publisher gets a black eye. But so does the Postal Service. USPS may not measure this failure as significant, but it doesn't take many personal observations for a mail recipient to conclude that the system is broken. The perception of a failing system lurks within the pandemic-exhausted public today. It is a symptom of decline that should alarm all stakeholders—mailers, workers, policymakers and the mailing industry that is deeply dependent upon success.

The Postal Service should not ignore late newspapers, which may be invisible in quarterly service reports and undetectable on balance sheets. NNA believes a better future is possible and has pledged to continue working with USPS to achieve it. If the Commission concludes that the proposal in the instant docket is a step toward sustainability, it must be tried.

Respectfully submitted,

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June 15, 2021

